

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 00-0342P**

IT-20 Penalty

For Fiscal Year Ended July 31, 1999

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**ISSUE(S)**

I. **Tax Administration**—Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer filed its fiscal year tax return on the due date of May 15, 2000 and remitted the tax on Monday, May 22, 2000. The payment was late.

Taxpayer protests the penalty and states there was a misunderstanding as it assumed the payment was due on the 20<sup>th</sup> of the month, as is its quarterly installment payment and monthly sales/use tax payment. To compound the problem, taxpayer states it recently merged with a sister cooperative and installed two new general ledger systems, all in the same fiscal year.

Taxpayer's representative, in a letter dated August 28, 2000 requested a penalty waiver due to reasonable cause and states the taxpayer's explanation should establish reasonable cause. However, it wishes to add to taxpayer's letter dated August 16, 2000 and states there was confusion over the due date for a cooperative return. Taxpayer states that in researching the issue, it discovered that the Department of Revenue had inadvertently used the wrong due date when they re-codified the regulations in October of 1998. The normal due date for a cooperative for federal income tax purposes is eight and one-half months after their year end. The state return is due one month later or nine and one-half months after their year-end. The Indiana regulations were incorrect. All cooperative returns were beginning to show up as having late filing penalties.

I. **Tax Administration**—Penalty

### **DISCUSSION**

Taxpayer states the facts and circumstances related to taxpayer's original protest letter coupled with the department's inadvertent error should be enough to establish reasonable cause.

Taxpayer was assessed a late payment penalty because if failed to make payment by the due date of the tax return. IC 6-8.1-10-2(a) clearly states that a penalty is assessed for the failure to pay the full amount of tax shown on a return on or before the due date for the return. The return was due on May 15, 2000 or nine and one-half months after year-end. Taxpayer made no payment until May 22, 2000.

The department finds that a negligence penalty is proper.

### **FINDING**

Taxpayer's protest is denied.